

**PAYMENTS
REQUIRING
SPECIAL
PROCESSING**

Occasionally there are placement situations which require special processing. This section provides guidelines for payment of those situations.

Michigan will not pay title IV-E funds to **for-profit** placement agency foster care (PAFC) providers.

Michigan can pay title IV-E funds to **for-profit** child caring institutions (CCI).

**Psychiatric
Hospitalization**

Psychiatric hospitalization cannot be paid with foster care funds. These placements require prior Community Mental Health approval and are paid by Medicaid.

Exception: When a child is placed in a mental health institution paid for by Medicaid and is discharged but not moved to another placement, this is considered a non-contracted placement; see [FOM 903-04, Purchased Care Payment Procedures](#).

**YOUTH IN OUT-OF-
STATE
PLACEMENTS**

Michigan children may be placed in out-of-state placements only after approval by the receiving state's interstate compact office. Payment cannot be generated for an out-of-state placement until confirmation is received from the MDHHS Interstate Compact Office; see [ICM 110, Interstate Compact on the Placement of Children Requirements](#).

When a child is placed, or a court orders placement out-of-state prior to the Michigan Department of Health and Human Services (MDHHS) Interstate Compact Office approval, the caseworker, in conjunction with the county director, Business Service Center Director, the Interstate Compact Office, and the MDHHS Children's Services Legal Division, must decide to either return the child immediately and/or appeal the court order. This must be done in a timely manner as there is a limited amount of time to appeal the

court order; see [ICM 110, Interstate Compact on the Placement of Children Requirements](#).

Youth in Out-of-State Child Care Institutions

Out-of-state placements must be approved by the Interstate Compact Unit, which includes completion of the DHS-4333, Interstate Compact Report on Child's Placement Status, before payments may be made.

Any new request to fund an out-of-state residential placement must be accompanied by a memo of certification from the local office director that a search of Michigan residential programs has been conducted and that no appropriate program could be located which would accept the youth for placement. The memo must include a listing of the agencies contacted and their responses; see [ICM 140, Interstate Residential Care Procedures](#). Completion of the placement requirements of the DHS-4333 alone is not sufficient.

In addition to the certification requirement, the memo must attest that a plan has been developed to address the foster care or delinquency case management requirements; see [ICM 140, Interstate Residential Care Procedures](#). Further, parent/child visitation (parenting time) must also be considered in the plan when appropriate per [FOM 722-06, Developing the Service Plan](#).

Local office staff are to:

- Complete a DHS-2351X, Provider Enrollment/Change Request, and submit it to FCD at mdhhs-federalcompliance@michigan.gov if the provider was not previously enrolled as a paid provider.
- Authorize the placement service in MiSACWIS and route it to the Federal Compliance Division (FCD).

Note: Out-of-state tuition costs are authorized for state wards only as a case service authorization in MiSACWIS. Tuition is not to be included in the maintenance rate and cannot be paid with title IV-E funds; see [FOM 903-09, Case Service Payments](#).

Youth in Out-of- State Family Foster Care

Payments for out-of-state placements must comply with the rate structure for family foster care in Michigan.

Local office staff are to:

- Complete a DHS-2351X, Provider Enrollment/Change Request, and submit it to FCD at mdhhs-federalcompliance@mdhhs.state.mi.us if the provider was not previously enrolled as a paid provider.
- Authorize the placement service in MiSACWIS and route it to the Federal Compliance Division (FCD).

YOUTH IN ADULT FOSTER CARE HOME

Payment for youth 16 years of age and older in adult foster homes is made from the appropriate foster care fund source, such as state ward board and care funds for state wards and county child care funds for court wards. **Title IV-E funding cannot be used for youth placed in an adult foster care home.** The service authorization is to be entered for either three or six months and routed to FCD for approval. Payments are then made monthly as a manual payment in MiSACWIS. **Unless the youth is already receiving social security income (SSI), an SSI application is to be initiated following the instructions in [FOM 902-12, Government and other Benefits](#).**

The rate paid is the same for adults in the home with similar needs including the personal care allowance, if appropriate. The rate is based on the SSI amount paid (Personal Care Rate) for adults in foster care. The personal spending allowance is included in the rate to the adult foster care home and is to be made available for the youth's clothing and spending allowance. Determination of care (DOC), assisted care and semiannual clothing payments will **not** be made for youth in adult foster care homes.

State wards attaining age 18 must have plans formulated for an orderly transfer to the Adult Foster Care program no later than the mandatory discharge age of 19. Payments for youth in adult foster care facilities should not continue after the youth's 19th birthday. In

limited circumstances, to facilitate the transition, exceptions can be made with **prior** approval from FCD.

Payments for youth in an adult care home are made as a case service; see [FOM 903-9, Case Service Payments](#).

LIVING WITH RELATIVES

For the definition of a relative; see [FOM 722-03B, Relative Engagement and Placement](#). Effective 4/1/19, payments may be made for both temporary wards placed with MDHHS and state wards living with relatives without the relative obtaining a foster home license. The rate for care is the foster care age appropriate rate; see [FOM 905-3, Foster Care Rates](#). The child is eligible for a determination of care (DOC) supplement; see [FOM 903-3, Payment for Foster Family Care](#) and case service payments; see [FOM 903-9, Case Service Payments](#). **Unrelated caregivers must be licensed as foster parents to receive foster care payments.**

MDHHS will apply to become the payee for children who are in foster care and eligible for Retiree, Survivor and Disability Insurance (RSDI) and Supplemental Security Income (SSI). Details about this process are found in [FOM 902-12, Government and Other Benefits](#).

In exceptional circumstances, relatives can request approval to remain/become the payee of the child's government benefits instead of receiving foster care payments. They may also reverse that decision and request to revert back to receiving foster care payments. MDHHS must collaborate with the Social Security Administration to effectuate these changes which may cause delays in receipt of payments. The forms list several payments and benefits available through foster care payments that must be explained to the relative to ensure that they are making an informed decision.

There are two forms that can accomplish requesting approval for a change. Each form provides detailed information about several payments and benefits available through foster care payments; these must be explained to the relative to ensure that they are making an informed decision.

- MDHHS-5841, Waiver of Foster Care Payments In Lieu of Government Benefits.

- MDHHS-5841-A, Waiver of Government Benefits In Lieu of Foster Care Payments.

Foster parents not related to the child do not have this option and are only eligible for Foster care payments.

STATE MCI WARDS OVER AGE 18

The statutory discharge date for MCI wards is 19 years of age. The fund source must be switched to state ward board and care at any time title IV-E foster care eligibility ends (prior to age 19).

FORMER MCI WARDS

Former MCI wards who have reached the statutory discharge age (19 years) can receive foster care payments for foster care or independent living until age 20; see [FOM 901-8, Fund Sources](#).

The payment source for MCI wards ages 19-20 is limited term/emergency foster care. Only the foster family age appropriate rate, the independent living allowance rate or standard AFC rate may be paid. An exceptional rate may be requested for an AFC placement with prior approval; see [FOM 903-9, Case Service Payments](#).

Note: There is **no payment** of placement agency foster care (PAFC) administrative rates, CCI placements or determination of care (DOC) supplements beyond age 19.

P.A. 150 STATE WARDS BEYOND AGE 19

Placements for Act 150 state wards for whom the committing court has extended jurisdiction to age 21 can be paid from state ward board and care funds.

NON-CONTRACTED PLACEMENT

Placement of a child with a non-contracted placement agency foster care (PAFC) provider or child caring institution (CCI) is only possible if all other options have been exhausted and no other placement can meet the child's needs; see [FOM 903-04, Purchased Care Payment Procedures](#). If the non-contracted

placement is approved by Department of Child Welfare Licensing (DCWL), the verification must be uploaded to the placement document hyperlink and the service authorization must be routed to FCD in MiSACWIS.

PRE-TEN WAIVER

Pre-ten waivers must be requested for any child under the age of 10 placed in a Child Caring Institution (CCI). All appropriate approvals must be obtained prior to payment being made; see [FOM 722-03E, Placement Exception Requests and Approvals](#). Once the approval is obtained by the highest level required, route the placement service authorization to FCD.

INDEPENDENT LIVING PAYMENTS

The independent living allowance checks are made payable to the youth. While the preference is for the youth to receive their checks directly, they may be mailed to one of the following:

- The actual location where the youth resides.
- The supervising placement agency foster care (PAFC) provider - called network in MiSACWIS.
- The local MDHHS office - If this selection is made the youth's check will be mailed to the address in the person profile listed on the primary MDHHS foster care worker assigned to the case.

Youth placed in independent living and supervised directly by the MDHHS worker must **not** be enrolled in Bridges for a provider number.

Title IV-E funds can only be used for youth in independent living placements age 18 and older. A fund source override is needed for youth who are not in the Young Adult Voluntary Foster Care (YAVFC) program by emailing FCD.

SPECIAL CHANGE PROCEDURES FOR UNEARNED INCOME

MDHHS can continue to be the payee for Social Security payments beyond age 18 if the department is paying for the youth's cost of care.

If a youth is directly receiving unearned income it must be budgeted as income and the maintenance rate reduced accordingly in MiS-ACWIS. To convert the monthly payment to a per diem rate, divide by 30.

Example: Monthly payment is \$62. $\$62 \div 30 = \2.07 daily maintenance rate.

It will be necessary for the worker to reduce the maintenance rate and enter the amount as budgetable income in MiSACWIS. The foster care provider and youth must be made aware of this new arrangement and an acceptable plan made for payment to the placement.

Note: If the youth is in a training school, institution or other facility for which the placement service authorization cannot be reduced, the youth is to endorse the check and make it payable to MDHHS. Such checks are to be sent to MDHHS Cashier's Unit in central office.